



Department of Justice

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NEW YORK LINEN SUPPLY COMPANY AND ITS OWNER PLEAD GUILTY TO ALLOCATING CUSTOMERS

WASHINGTON, D.C. -- A Brooklyn, New York linen supply company and its owner pleaded guilty today to participating in a conspiracy to allocate customers for linen supply services in the New York City metropolitan area, the Justice Department announced. The owner also pleaded guilty to obstruction of justice.

Central Laundry Service Inc., which does business as Sea Crest Linen Supply Co., and its owner Stanley Olan, a New York City resident, were charged in U.S. District Court in Manhattan with participating in a conspiracy to allocate customers for linen supply services in New York City; portions of Westchester, Suffolk, and Nassau Counties, New York; portions of northern New Jersey; and portions of Fairfield County, Connecticut. The conspiracy took place from 1994 until September 2002.

“Customer allocation agreements deprive businesses and consumers of competitive choices and prices, and we will remain vigilant in prosecuting this illegal behavior,” said Scott D. Hammond, the Antitrust Division’s Deputy Assistant Attorney General for Criminal Enforcement.

Linen supply companies primarily supply restaurants, cafeterias, and caterers with laundered items such as table linens, napkins, chef’s uniforms, and aprons. Linen supplies are a significant cost of business for these establishments. During the period of this conspiracy, the

defendants and co-conspirators generated sales revenues from the supply of linen services in the New York metropolitan area in excess of \$500 million.

According to the charges, Sea Crest and other linen supply companies carried out the conspiracy by agreeing not to compete for each other's customers, meeting to discuss and affirm their agreement, notifying each other when customers were contemplating switching linen suppliers, and submitting intentionally high non-competitive price quotes or refraining from submitting price quotes to customers.

In addition, Olan was charged with obstruction of justice for attempting to persuade a co-conspirator to provide false information if questioned by the government about the reason why the co-conspirator did not solicit the linen supply business of a particular New York City restaurant.

Sea Crest and Olan were charged with violating Section One of the Sherman Act, which carries a maximum penalty of a \$10 million fine for a corporation, and a maximum penalty of three years imprisonment, one year of supervised release and a \$350,000 fine for an individual, for violations occurring before June 22, 2004. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine. Olan was also charged with obstruction of justice in violation of 18 U.S.C. 1512 (b)(1), which carries a maximum penalty of 10 years imprisonment, three years of supervised release and a \$250,000 fine.

In February 2005, Polo Linen Supply Co. and its owner, Anthony Lampropoulos, also pleaded guilty to charges of conspiring to allocate customers. In August of 2004, Joel Gorkowski, a former salesman for Cascade Coat and Linen Co., pleaded guilty to making false statements to a grand jury investigating the linen supply industry. In late 2003, White Plains

Coat and Apron Company and its president, Bruce Botchman, pleaded guilty to similar charges of conspiring to allocate customers. White Plains was sentenced August 13, 2004 to pay a \$3.5 million fine. Polo Linen, Lampropoulos, Botchman, and Gorkowski are awaiting sentencing.

Today's charges resulted from an ongoing investigation of the linen supply industry being conducted by the Division's New York Field Office with assistance from the Federal Bureau of Investigation.

Anyone with information concerning territorial or customer allocation or related offenses in the linen supply industry should contact the New York Office of the Antitrust Division at (212) 264-0390.

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